

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2398

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2398

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2398

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date February 05, 2001.

Tape Number	Side A	Side B	Meter #
1	x		15.1 to end
1		x	0 to 30
2		x	15.2 to 22.3
(Feb 13/01) 1	x		24.0 to 34.7
Committee Clerk Signature <i>Doyle Pines</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on SB 2398 relating to accredited public accountants.

SENATOR JERRY KLEIN, District 14, cosponsor. This bill would establish another level of accountancy, that of accredited public accountants.

LARRY KRYZSKO, NDSPA, in favor of this bill. Written testimony attached.

SENATOR KLEIN: What would the difference be between CPA and APA?

L KRYZSKO: CPA do test functions like review and audit, APA would only do compilation.

SENATOR KLEIN: Would an APA board be established?

L KRYZSKO: No, they would be under the present board.

SENATOR KREBSBACH: What is the difference between LPA and CPA?

L KRYZSKO: LPA same as CPA except they cannot audit insurance companies nor banks. APA practice would be more limited.

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**Senate Industry, Business and Labor Committee  
Bill/Resolution Number SB 2398  
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**SENATOR ESPEGARD: What about the LPAs?**

**L KRYZSKO: Law doesn't allow any more, as they retire they will disappear.**

**JOSEPH TATE, LPA, in favor. Written testimony attached. Intent of this bill is for a new tier of licensing which would allow small business persons adequate analysis of financial status. With dwindling LPAs, only CPAs will be left and they are consolidated in large populated areas. Small areas would be left without accountants. APA candidates will have to exhibit two levels of competency, undergo an exam and be regulated by the state board. Out there, many people not licensed are doing bookkeeping, under this law, license would be required and a n accounting background. This will benefit everyone.**

**SENATOR EVERY: City auditors would need to be certified?**

**J TATE: Yes.**

**JERRY SPAEDY, self employed bookkeeper, in favor. Introduced letters by , Jason Schuh, CPA; Chad Bomber, Bookkeeper; Jim Lewis, BA in accounting; Dwight Hetletved, CPA; George L. Kelly, LPA; Devon Jokstad, EA; Linda Schaffer; Martha Lyons, LPA; favoring this bill.**

**SENATOR KLEIN: We are not going to harm those out there who are practicing and don't want to take the exam.**

**L KRYZSKO: This will not legislate anyone out of business.**

**SENATOR KREBSBACH: EA (enrolled agent), is it a designation in the accounting rules?**

**L KRYZSKO: It is an IRS designation, not a state one.**

**PAUL TRAUGER, CPA, in favor of this bill.**

**REPRESENTATIVE CURTIS BREKKE, District 15, in favor.**

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**Senate Industry, Business and Labor Committee**

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**JIM ABBOT, Executive Director ND Board of Accountancy, neutral. Written testimony attached.**

**KEN TUFA, ND Society of CPAs introduced:**

**RONALD I TOLSTAD, ND Society of CPAs, in opposition. Written testimony attached.**

**JOHN MONGEON, ND CPA Society, against. Written testimony attached, including technical discussion regarding this bill.**

**LARRY KRYZSKO, distributed memorandum in response to technical discussion concerning bill 2398.**

**Hearing closed.**

**Committee reconvened. Tape 2-B- 15.2 to 22.3**

**All members present. Discussion held regarding packets distributed during hearing. Action delayed pending further study.**

**Feb. 13/01. Tape 1-A-24.0 to 34.7**

**Committee reconvened. Discussion held.**

**SENATOR ESPEGARD: Motion: do not pass. SENATOR TOLLEFSON: Seconded.**

**Roll call vote: 5 yes; 2 no. Carrier: SENATOR KREBSBACH.**

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/30/2001

Bill/Resolution No.: SB 2398

Amendment to:

**1A. State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

**1B. County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2. Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

State law now mandates that all expenses of the State Board of Accountancy are to be paid from fees it collects. As a result, there should be no direct fiscal impact -- revenue or expenses -- to the state, or any city, county or school district. One possible exception would be when a governmental unit employs an "accredited public accountant", they may choose to fund the cost of initial examination, annual licensure, and ongoing education. In which case, they could expect an initial expense of approximately \$200 (for the initial accounting examination, plus an ethics exam), an annual registration fee of \$45, and perhaps annual costs involved with continuing education.

**3. State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

**A. Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

**B. Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

**C. Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the

*executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No appropriation from state treasury funds would be anticipated, in accordance with existing statute 43-02.2-03 (paragraph 4).

<b>Name:</b>	Jim Abbott	<b>Agency:</b>	N.D. State Board of Accountancy
<b>Phone Number:</b>	800-532-5904	<b>Date Prepared:</b>	01/31/2001





**REPORT OF STANDING COMMITTEE (410)**  
February 13, 2001 1:29 p.m.

**Module No: SR-26-3203**  
**Carrier: Krebsbach**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2398: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO NOT PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2398 was placed on the Eleventh order on the calendar.**

